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March 27, 2014

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Dodaro,

The initial rollout of HealthCare.gov has been marred by technical difficulties, making it extremely difficult for many consumers to successfully enroll for healthcare via the federal website. Additionally, fourteen states formed their own online enrollment websites and many have experienced similar problemsⁱ. Hawaii is one of those states who created an online enrollment website.

Hawaii received \$204 million in federal grants to build its healthcare insurance exchangeⁱⁱ. Despite this funding, as of February 1, 2014 our state has the lowest enrollment rate in the country. Hawaii contracted with CGI Corp. for development of the Hawaii Health Connector (HHC) website. This site has experienced a myriad of technical problems and delays. Because of similar problems, the federal government and other states who had also contracted with CGI Corp. cut ties with the vendorⁱⁱⁱ. To date, Hawaii has spent over \$80 million on information technology contracts, though the site still does not function properly^{iv}. I am concerned about the possible abuse and waste of federal funds.

HHC reassured the public that the online healthcare exchange would be ready and able to handle enrollment^v. However, the HHC missed the October rollout deadline by 15 days. Over five months later, technical problems continue to plague the HHC. One of the major issues HHC has experienced is the fact that it has not been integrated with the Medicaid system, even though Hawaii's enrollment process requires consumers to be screened for Medicaid eligibility before seeking coverage^{vi}. Although board members expressed concerns regarding readiness and integration during the HHC board meetings in 2013, their concerns were largely ignored^{vii}.

As of March 17, only about 5,400 people have enrolled for healthcare insurance in Hawaii. Data has not been provided to indicate whether enrollees signed up via the website, by phone, or in person. Although 5,400 enrollees represents an increase and improvement from 3,614 enrollees as of February 1, this number is far from the revised enrollment goal of 9,000 by March 31, and a far cry from the desired market of 50,000^{viii}. Despite an estimated \$80 million spent on website construction, HHC is now shifting its focus to public outreach, in an attempt to enroll more people by the March 31 deadline^{ix}. As part of this last-ditch enrollment effort, HHC sent representatives to Planned Parenthood, grocery stores, and other public places to separately walk individuals through enrollment^x. This one-on-one enrollment process is extremely inefficient, and the creation of an online enrollment portal was supposed to avoid this wastefulness.

Even more disturbing is the lack of transparency regarding requirements attached to federal grant money and HHC's expenditure reports. Since the HHC is operated by the state as a non-profit organization, and is governed by a board of directors, it has been nearly impossible for legislators or the general public to get any specific information regarding HHC's budget and expenditures. Requests for details have been either denied or ignored^{xi}. On March 19, I submitted a formal written request to Hawaii's Director of Health, a member of the HHC board, and the response I received stated that "...the DOH does not administer or oversee the Hawaii Health Connector." This is in spite of Hawaii Revised Statutes §435H-4(b), which provides that: "(a) The Hawaii health connector shall be a nonprofit entity governed by a board of directors..." and (b)...The director of commerce and consumer affairs or the director's designee, the director of health or the director's designee, the director of human services or the director's designee, and the director of labor and industrial relations or the director's designee shall be ex-officio, voting members of the [HHC] board."

In addition, the federal government has recently denied HHC's request for an extension to spend the remaining grant money^{xii}. While granting this request might have mitigated some immediate concerns, the problem of long-term sustainability will not change. The Interim Director of the Hawaii Health Connector admits that even if the enrollment goal *is* reached, the premium fee will not produce enough money to fund the Connector when federal funding ceases at the end of 2014^{xiii}. There have been several suggestions regarding funding after 2014, including the possibility of allocating state funds and/or making the HHC a state agency. However, without complete disclosure regarding the financial status and viability of the Connector, legislators cannot and should not saddle the taxpayers with this indefinite burden.

These circumstances have led to this request for the Government Accountability Office to review the taxpayer dollars used to fund the Hawaii Health Connector. Specifically, we ask the GAO to incorporate into its review or to consider the following issues:

- Hawaii received over \$204 million in federal grants to create the Hawaii Health Connector (HHC) exchange and website. How have these funds been dispersed?

- Could the payment of a large portion of the federal grant monies to CGI Corp. for a product that continually fails to fulfill the requirements for a state health exchange website be considered an abuse of federal funds?
- Has HHC failed to address concerns relating to CGI Corp. and the health exchange website in timely or appropriate fashion, again resulting in an abuse of federal funds?
- Has CGI Corp. fulfilled the provisions of its contract with HHC and the state?
- Why has HHC failed to publicly disclose all copies of Hawaii's grant applications related to the establishment of State-Operated Health Insurance Exchanges?
- Why has HHC failed to publicly disclose Hawaii's contingency plan, which was due January 15, 2013, and was required by the Centers for Medicare & Medicaid Services (CMS)?
- What additional costs were incurred as a result of the failure to plan for the integration of Hawaii's Medicaid system into the Hawaii Health Connector and CGI Corp.'s failure to anticipate or incorporate this issue into HHC's exchange website?
- Did the HHC's non-profit status and lack of government oversight play a role in its failure to meet deadlines, provide information, and solve technological issues?
- What sort of monitoring should have been put into place to oversee the federal grant monies issued to Hawaii?

The fate of the Hawaii's healthcare exchange hangs in the balance. The people of Hawaii need reliable and objective information to enable them to make smart decisions regarding their future and the future of healthcare in our state.

Thank you for your time and prompt attention in this matter.

Aloha,

Senator Sam Slom
Senate Minority Leader
Hawaii State Senate
District 9, Hawaii Kai – Aina Haina – Niu – Waiālae-Kahala – Diamond Head

ⁱ Peter Maer, Hawaii's Health Insurance Exchange Is No Paradise, CBS News, December 26, 2013 <http://www.cbsnews.com/news/hawaiis-health-insurance-exchange-is-no-paradise/>.

ⁱⁱ *Id.* See also Tracking Accountability in Government Grants System, GRANTS: HBEIE120155 @\$10,197,249, HBEIE130159 @\$128,086,634, HBEIE120126 @\$61,815,492 <https://taggs.hhs.gov/RecipInfo.CFM?SelEin=LCYqVyo%2FXE5EQixXW1NaOEsK> last visited 3/10/2014.

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- ⁱⁱⁱ Staff, *The Patrick Administration Cuts Ties To IT Vendor CGI Over Health Connector Debacle*, Boston Business Journal, March 17, 2014 <http://www.bizjournals.com/boston/blog/health-care/2014/03/the-atrick-administration-cuts-ties-to-it-vendor.html>.
- ^{iv} Maeve Reston, *Hawaii Health Marketplace Off to An Especially Rough Start*, Los Angeles Times, February 25, 2014 <http://articles.latimes.com/2014/feb/25/nation/la-na-obamacare-hawaii-20140226>.
- ^v *Id.*
- ^{vi} Carla Anderson, *Hawaii Has Nation's Lowest Marketplace Enrollment*, www.healthinsurance.org, March 6, 2014 <http://www.healthinsurance.org/hawaii-state-health-insurance-exchange/>.
- ^{vii} Hawaii Health Connector, Minutes of the Board of Directors, May 17, 2013 p. 5-6 & 9 available at <http://www.hawaiihealthconnector.com/wp-content/uploads/oarchive/051713FINAL+with+attachment-ID=158410.pdf>.
- ^{viii} Cathy Bussewitz, *Spending Proposal for Health Connector is Rejected*, Honolulu Star Advertiser, March 22, 2014, available at http://www.staradvertiser.com/business/20140322__Spending_proposal__for_health_connector__is_rejected.html?id=251640521.
- Colin Stewart, *Almost 4,000 Sign Up On Hawaii Health Connector So Far*, West Hawaii Today, February 21, 2014 available at <http://westhawaii.com/news/local-news/almost-4000-sign-hawaii-health-connector-so-far> & Carla Anderson, *Hawaii Has Nation's Lowest Marketplace Enrollment*, www.healthinsurance.org, March 6, 2014 <http://www.healthinsurance.org/hawaii-state-health-insurance-exchange/>.
- ^{ix} Jenna Blakely, *Hawaii Health Connector Pushing Enrollment Before March 31, Individuals to Face Penalty*, Pacific Business News, March 17, 2014 available at <http://www.bizjournals.com/pacific/blog/2014/03/hawaii-health-connector-pushing-enrollment-before.html>.
- ^x *Id.*
- ^{xi} Maeve Reston, *Hawaii Health Marketplace Off to An Especially Rough Start*, Los Angeles Times, February 25, 2014 <http://articles.latimes.com/2014/feb/25/nation/la-na-obamacare-hawaii-20140226>.
- ^{xii} Cathy Bussewitz, *Spending Proposal for Health Connector is Rejected*, Honolulu Star Advertiser, March 22, 2014, available at http://www.staradvertiser.com/business/20140322__Spending_proposal__for_health_connector__is_rejected.html?id=251640521.
- ^{xiii} Jenna Blakely, *Hawaii Health Connector Pushing Enrollment Before March 31, Individuals to Face Penalty*, Pacific Business News, March 17, 2014 available at <http://www.bizjournals.com/pacific/blog/2014/03/hawaii-health-connector-pushing-enrollment-before.html>.